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A STUDY ON FACTORS INFLUENCING HOME BUYING DECISIONS IN RESIDENTIAL REAL ESTATE

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Abstract

The residential real estate sector has experienced significant transformation due to rapid urbanization, lifestyle changes, and increasing consumer expectations. This study investigates the key factors influencing home buying decisions among residential property buyers. Primary data were collected from 500 respondents using a structured questionnaire. Descriptive statistics and factor analysis were employed for data interpretation. The findings reveal that security, location, safety infrastructure, convenience, and social influence are the most dominant determinants affecting purchase decisions. The study offers practical insights for real estate developers and policymakers to design housing projects aligned with evolving buyer preferences.

Keywords: Home buying behavior, Residential real estate, Buyer preference, Factor analysis, Housing decision

1. Introduction

Housing is one of the most important investment decisions in an individual's life and is influenced by a combination of economic, social, psychological, and cultural factors (Kotler & Keller, 2016).

With rapid urban expansion and modernization, residential real estate has shifted from being a basic necessity to a lifestyle-oriented product (Malpezzi, 2014).

Contemporary homebuyers demand not only shelter but also security, convenience, accessibility, and quality living environments (Adair et al., 2018).

Understanding buyer preferences has become critical for developers in order to remain competitive and sustainable in an increasingly dynamic housing market. This study aims to empirically analyze the factors that influence residential home buying decisions and provide insights that can assist developers and policymakers in effective housing planning.

2. Objectives of the Study

The objectives of the present study are:

1. To analyze the demographic profile of residential property buyers
2. To identify key factors influencing housing purchase decisions
3. To examine the relative importance of safety, location, amenities, and financial considerations
4. To provide practical recommendations for real estate developers

3. Research Methodology

The present study is empirical in nature and is based on primary data collected directly from respondents. Primary data were obtained through a structured questionnaire, which was administered to 500 residential property buyers. A convenience sampling technique was adopted.

A five-point Likert scale ranging from "strongly disagree" to "strongly agree" was used.

For data analysis, descriptive statistical tools such as percentages and frequency distributions were used.

Further, factor analysis was applied to identify underlying dimensions influencing home buying decisions.

Before conducting factor analysis, data suitability was tested using:

- Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy
- Bartlett's Test of Sphericity

3. Research Methodology

The present study is empirical in nature and is based on primary data collected directly from respondents. Primary data were obtained through a structured questionnaire, which was administered to 500 residential property buyers. A convenience sampling technique was adopted, as it enabled the researcher to collect data efficiently from respondents who were readily accessible and willing to participate in the survey.

To capture respondents' perceptions and preferences accurately, the questionnaire employed a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." This scale is widely used in social science research because it allows respondents to express varying degrees of agreement or importance, thereby enhancing the reliability and sensitivity of the measurement of buyer preferences.

For data analysis, descriptive statistical tools such as percentages and frequency distributions were used to examine the demographic characteristics of respondents and to identify general patterns in home buying preferences. These techniques helped in summarizing the data and providing a clear overview of buyer profiles and preference trends.

Further, factor analysis was applied to identify the underlying dimensions that influence home buying decisions. Since multiple variables were used to measure buyer preferences, factor analysis helped in reducing the data into a smaller set of meaningful factors, making interpretation more efficient and conceptually clear.

Before conducting factor analysis, the suitability of the data was tested using the Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The KMO test evaluates whether the sample size is adequate for factor analysis, while Bartlett's Test examines whether the correlation matrix is significantly different from an identity matrix. The results of these tests confirmed that the data were appropriate for factor analysis, thereby ensuring the statistical validity and reliability of the findings.

4. Data Analysis and Discussion

This section presents the analysis and interpretation of data collected from 500 residential property buyers. The analysis is carried out using descriptive statistics and factor analysis to understand buyer characteristics and identify the key determinants influencing home buying decisions.

4.1 Demographic Profile of Respondents

The demographic analysis of respondents is summarized as follows:

Table 4.1: Demographic Characteristics of Respondents

Variable	Category	Percentage (%)
Gender	Male	80.0
	Female	20.0
Age Group	36–50 years	43.74
Education	Post-Graduate	54.2
Marital Status	Married	87.0
Annual Income	₹5–10 lakhs	48.2
Ownership Status	Owned House	76.6

Source: Primary Data

The gender distribution shows that the majority of respondents are male, indicating that property purchase decisions are largely influenced by male buyers. This reflects traditional household decision-making structures in high-value investments such as housing.

The age distribution reveals that most respondents belong to the 36–50 years age group, which represents individuals with financial stability, career maturity, and family responsibilities. This group is more likely to invest in long-term residential properties.

In terms of education, a majority of respondents are post-graduates, indicating a high level of awareness regarding market conditions and financial planning, which leads to more informed decision-making.

The marital status distribution shows that most respondents are married, indicating that housing decisions are largely family-oriented rather than individual investments.

Income analysis shows that a large proportion of respondents belong to the ₹5–10 lakhs annual income group, representing middle-income buyers who balance affordability with lifestyle preferences.

Ownership status reveals that most

respondents already own a house, suggesting that the sample includes experienced buyers whose decisions are influenced by prior ownership experiences.

4.2 Descriptive Analysis of Home Buying Factors

Table 4.2: Importance of Housing Factors

Factor	% Important / Very Important
Security & Gated Society	82.4
Location of Society	82.4
Fire-Fighting System	83.5
Earthquake-Resistant Structure	83.7
Neighborhood Quality	81.4
Price	82.4
Bank Loan Facility	90.0

Security and gated society features are highly important for buyers, reflecting growing concerns about safety in urban residential environments. Similarly, location is a crucial factor as it determines accessibility to workplaces, educational institutions, healthcare facilities, and transport networks.

Safety infrastructure such as fire-fighting systems and earthquake-resistant structures is also highly valued, indicating that buyers prioritize structural safety and compliance with building standards.

Neighborhood quality plays an important role in influencing buyer satisfaction, as people prefer socially stable and well-maintained residential environments.

Financial considerations such as price and bank loan availability are also significant, with bank loan facility emerging as a major enabling factor for home purchase decisions, especially among middle-income buyers.

Overall, the analysis shows that home buying decisions are influenced by a combination of safety, accessibility, affordability, and financial support factors.

5. Findings

The findings of the study are derived from the descriptive and factor analyses and provide clear insights into the determinants of residential home buying decisions.

5.1 Security and Location as Non-Negotiable Factors

The analysis reveals that security and location emerge as the most critical and non-negotiable factors influencing home buying decisions. As shown in Table 4.2, 82.4 percent of respondents rated security and gated society features as important or very important. Similarly, 82.4 percent emphasized the importance of location. Buyers prioritize safety and easy access to workplaces, education, healthcare, and transport facilities.

5.2 Preference for Ready-to-Move-In and Furnished Homes

The study finds a growing preference for ready-to-move-in and fully furnished homes. Buyers increasingly prefer properties that allow immediate occupancy and reduce construction delays. This trend is especially strong among middle-aged and family-oriented respondents who value convenience and stability.

5.3 Influence of Social Recommendations

Social influence plays a major role in home buying decisions. Recommendations from friends and relatives reduce uncertainty and increase trust in property selection. This is especially relevant for experienced buyers who rely on peer experiences.

5.4 Continued Relevance of Cultural Considerations

Cultural beliefs such as Vaastu compliance still influence residential choices. Despite modernization, buyers prefer homes aligned with traditional values that are believed to ensure well-being and prosperity.

5.5 Role of Amenities in Enhancing Property Attractiveness

Amenities such as parks, gyms, clubhouses, and children's play areas enhance property attractiveness. However, they are secondary factors compared to safety and location. They serve as value-added features rather than primary decision drivers.

6. Conclusion

The present study provides a comprehensive understanding of the factors influencing residential home buying decisions in an evolving real estate market. The findings clearly indicate that modern homebuyers do not base their decisions on a single attribute; rather, they consider a combination of safety, convenience, affordability, accessibility, and cultural alignment while selecting residential properties.

Among all determinants, security and location emerge as the most dominant and non-negotiable factors. Buyers show a strong preference for gated communities, safety infrastructure, and well-connected residential areas that ensure personal safety, family well-being, and ease of daily commuting. These factors also contribute significantly to the perceived long-term value of residential properties.

In addition, convenience-oriented features such as ready-to-move-in and fully furnished homes are increasingly preferred due to changing lifestyles and time constraints. Financial accessibility, especially bank loan availability, continues to play a crucial role in purchase decisions, particularly among middle-income buyers.

The study also highlights that cultural values such as Vaastu compliance continue to influence buyer preferences, showing that traditional beliefs coexist with modern housing expectations. Furthermore, lifestyle amenities enhance the attractiveness of residential projects but act as supporting factors rather than primary decision drivers.

Overall, the study concludes that successful residential real estate development requires a holistic approach integrating safety, accessibility, affordability, lifestyle amenities, and cultural considerations to meet evolving buyer expectations and ensure long-term market sustainability.

7. Recommendations

7.1 Prioritize Gated Security Systems and Safety Infrastructure

Given that security emerged as one of the most critical and non-negotiable factors in home buying decisions, developers should place strong emphasis on gated communities, controlled access points, surveillance systems, and on-site security personnel. In addition, compliance with safety standards through the inclusion of fire-fighting systems and earthquake-resistant structures should be ensured. These measures not only enhance buyer confidence but also contribute to the long-term value and credibility of residential projects.

7.2 Offer Ready-to-Move-In and Furnished Housing Options

The increasing preference for ready-to-move-in and fully furnished homes highlights the growing demand for convenience-driven housing. Developers should consider offering such options to cater to buyers who seek immediate occupancy and wish to avoid delays related to construction or interior work. This approach is particularly attractive to working professionals and family-oriented buyers who value time efficiency and ease of transition.

7.3 Incorporate Lifestyle and Wellness Amenities

The study indicates that amenities such as gyms, parks, clubhouses, and children's play areas significantly enhance the attractiveness of residential properties. Developers should integrate wellness and recreational facilities within residential societies to promote healthy lifestyles and social interaction. While these amenities may not be the primary drivers of purchase decisions, they serve as important value enhancers that improve overall residential satisfaction.

7.4 Ensure Adequate Parking and Strong Transport Connectivity

Adequate allocated parking facilities and strong transport connectivity should be prioritized, especially in urban residential developments. Easy access to major roads, public transportation, workplaces, educational institutions, and healthcare facilities significantly influences buyer preferences. Improved connectivity reduces commuting stress and enhances daily convenience, thereby increasing the desirability of residential properties.

7.5 Respect Cultural Preferences in Residential Design

Despite increasing modernization, cultural preferences such as Vaastu compliance continue to influence home buying decisions. Developers should consider incorporating

Vaastu-aligned layouts and design options to appeal to culturally sensitive buyers. Respecting such preferences not only broadens the target market but also strengthens buyer trust and emotional attachment to the property.

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